

Message Text

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ACTION EUR-12

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TO SECSTATE WASHDC 5795
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C O N F I D E N T I A L MOSCOW 4428

E.O. 11652: GDS
TAGS: EAIR, UR, ID
SUBJECT: THREE SOVIET PROJECTS FOR INDONESIA

REF: MOSCOW 3929

1. ON HIS FINAL DAY BEFORE TRANSFER TO JAKARTA, MARCH 31, INDONESIAN ECONOMIC COUNSELOR SETYOKO CALLED ON E/C COUNSELOR TO DISCUSS PROPOSED SOVIET CONSTRUCTION OF ALUMINUM PLANT AND TWO HYDROELECTRIC POWER STATIONS IN INDONESIA.

2. ACCORDING TO SETYOKO, INDONESIANS HAVE INTEREST IN SOVIET CONSTRUCTION OF ALUMINUM PLANT BECAUSE, ALTHOUGH MORE COSTLY TO BUILD, THE PRODUCTION PROCESS USES SODA ASH INSTEAD OF MORE EXPENSIVE CAUSTIC SODA. WHERE KAISER HAD BEEN PREPARED TO BUILD 500,000 TON ANNUAL CAPACITY PLANT FOR \$220 MILLION, SOVIETS ARE ASKING \$300 MILLION FOR PLANT OF 60,000 TON ANNUAL CAPACITY, PLUS \$620,000 FOR A FEASIBILITY STUDY. INDONESIANS STILL HOPE TO GET THE LARGER PRODUCTIVE CAPACITY FOR THE PRICE STATED BY KAISER.

4. SETYOKO SAID THAT TWO HYDROPOWER PLANTS ARE TO HAVE CAPACITY OF 600 AND 180 MEGAWATTS AND COST \$150-\$180
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AND \$100 MILLION, RESPECTIVELY. E/C COUNSELOR POINTED OUT THAT TOTAL SOVIET ASKING PRICE FOR THREE PROJECTS THUS APPEARED TO BE CONSIDERABLY HIGHER THAN EVEN THE \$500 MILLION MENTIONED BY SETYOKO IN HIS LAST CONVERSATION. SETYOKO RESPONDED THAT HE HAD JUST BECOME AWARE THAT SOVIET PRICE FOR ALUMINUM PLANT HAD BEEN RAISED BECAUSE INDONESIANS WANTED HIGHER OUTPUT FIGURE.

5. ACCORDING TO SETYOKO, INDONESIANS ARE TROUBLED PARTICULARLY THAT USSR IS ASKING \$1,800 PER MONTH FOR EACH TECHNICIAN, WHEREAS THEY HAD AGREED WITH SRI LANKA FOR PAYMENT OF ONLY \$600. HE SAID THAT THE \$1,800 RATE IS SAME FIGURE CHARGED BY SOVIETS FOR SENDING THEIR TECHNICIANS TO TURKEY AND IRAN. IN THESE CASES, HE RECOGNIZED, THE HOST GOVERNMENT PAID A FLAT SUM TO USSR, WHICH REMITTED WHATEVER SHARE IT WANTED TO THE TECHNICIANS IN QUESTION.

6. IN ABSENCE OF RESPONSE TO REFTTEL, E/C COUNSELOR GAVE SETYOKO UNCLASSIFIED INFORMATION ON SOVIET HARD CURRENCY INDEBTEDNESS AND DEBT SERVICE RATION.
TOON

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Message Attributes

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